



## ***COMMONWEALTH of VIRGINIA***

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Richmond 23219*

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### **MEMORANDUM**

**TO: VICTORIA P. SIMMONS**  
Regulatory Coordinator  
Department of Medical Assistance Services

**FROM: A. CAMERON O'BRION**  
Assistant Attorney General

**DATE: April 2, 2004**

**SUBJECT: Proposed Changes to Medallion II; 12 VAC 30-120-360 through 420**

I have received the attached proposed regulations concerning changes to the Medallion II managed care system. You asked the Office of the Attorney General to review and determine if the Department of Medical Assistance Services has the legal authority to promulgate the attached proposed regulations and to identify any federal or state mandates regarding this regulation.

This proposed regulation reflects several changes to the Medallion II managed care system. This regulation revises and updates the Medallion II regulations to address several operational and waiver changes in the Medallion II program. Some of these changes arise from changes in federal law set forth in the Balanced Budget Act (BBA). Other changes are being made to clarify existing regulations. Finally, certain of the amendments in this package are being made in order to accommodate changes in other programs that have an impact on managed care, such as changes to the Medicaid school health program. Revisions are being made in the following sections of the Medallion II regulations: Definitions (12 VAC 30-120-360), Medallion II enrollees (12 VAC 30-120-370), Managed Care Organization (MCO) responsibilities (12 VAC 30-120-380), Quality

Control and Utilization Review (12 VAC 30-120-400), Sanctions (12 VAC 30-120-410) and Grievances and Appeals (12 VAC 30-120-420).

Based on my review, it is my view that the Director, acting pursuant to Va. Code § 32.1-324, has the authority to promulgate these regulatory changes subject to the provisions of Article 2 of the Administrative Process Act and has not exceeded that authority. The Code of Virginia (1950) as amended, section 32.1-325, grants to the Board of Medical Assistance Services the authority to administer the Plan for Medical Assistance. The Code of Virginia (1950) as amended, section 32.1-324, authorizes the Director of the Department of Medical Assistance Services (DMAS) to administer and amend the Plan for Medical Assistance according to the Board's requirements. The Medicaid authority was established by § 1902 (a) of the *Social Security Act* [42 U.S.C. 1396a], which provides the governing authority for DMAS to administer the State's Medicaid program.

If you have any questions, please contact me at (703) 277-3540.

Cc: Kim Piner  
Senior Assistant Attorney General